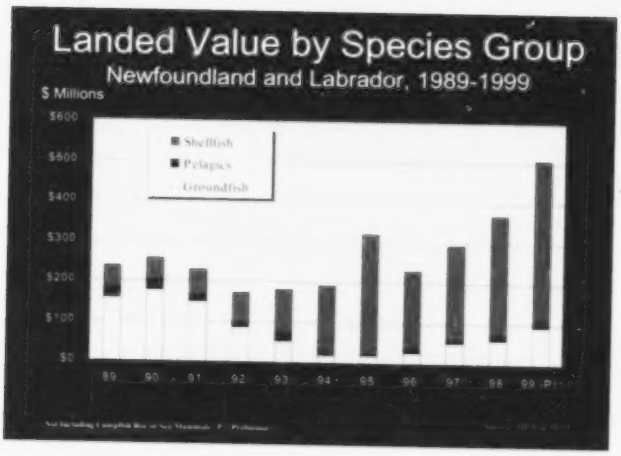
The Newfoundland and Labrador Fishery: A Perspective

Fisheries Forum 2000

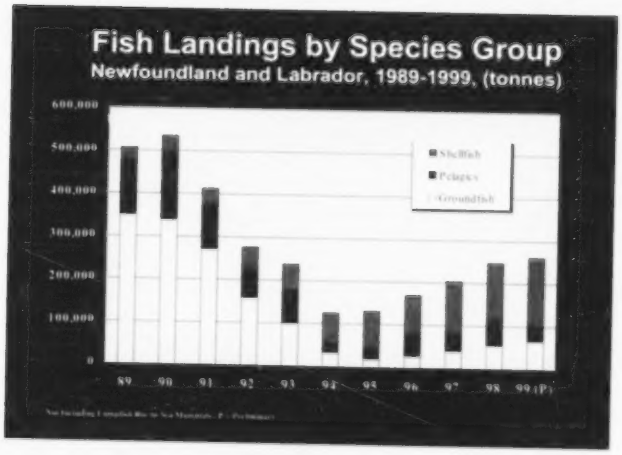
March 14-15, 2000

Department of Fisheries and Aquaculture
Government of Newfoundland and Labrador

The province's fishing industry has undergone a dramatic transformation over the past decade, driven in the main by the groundfish moratoria and the expansion of the shellfish sector. From this perspective, the industry in general has experienced unprecedented growth in terms of landed and production values. Nevertheless, certain regions of the province, with an historical dependence on groundfish, continue to face difficult challenges in adjusting to sharp declines in groundfish landings. For these regions, their future hinges largely on the recovery of groundfish stocks, since shellfish opportunities alone will not compensate for the economic displacement of employment and earnings within the groundfish sector.



Fisheries diversification has contributed significantly to the industry's performance and to the overall performance of the Newfoundland and Labrador economy in recent years. In context, the fishery remains the engine of economic growth in most rural areas of our province. This underlies the need for prudent fisheries management measures as a fundamental underpinning of fisheries policy. Solid science is critical to the effective management of the province's marine resources and the conduct of sustainable and viable fisheries. In its absence, public policy objectives for the fishery will be compromised, particularly with respect to economic activity generated by the fisheries sector. Moreover, an inadequate science base will inevitably lead to conflict between resource managers and industry stakeholders and increased uncertainty over the most appropriate total allowable catches of any given species from year to year.



In 1999, the value of fish landings in the province approximated a record $521 million, with a record production/market value of approximately $1 billion. The actual volume of landings in 1999 totalled 281,000 tonnes, which compares with 580,000 tonnes prior to the 1992 Northern cod moratorium. Peak employment in the processing sector prior to the groundfish moratoria was approximately 25,000 which compares with peak employment in this sector of approximately 16,000 in 1999. This differential, for the most part, reflects employment losses associated with the labour-intensive groundfish sector and lower employment levels in the capital intensive shellfish

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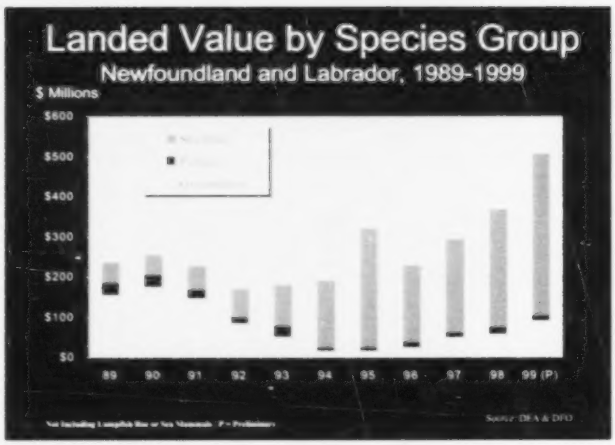

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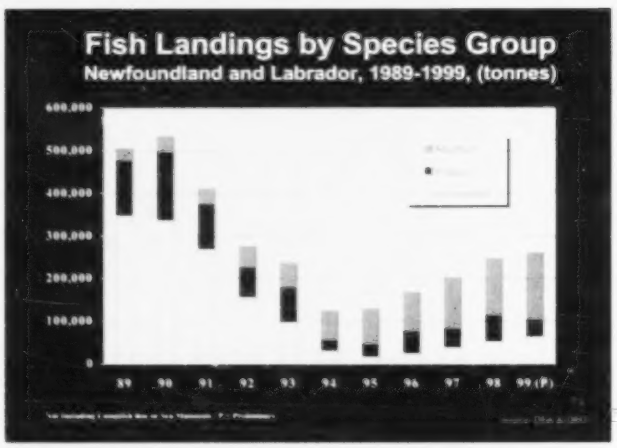

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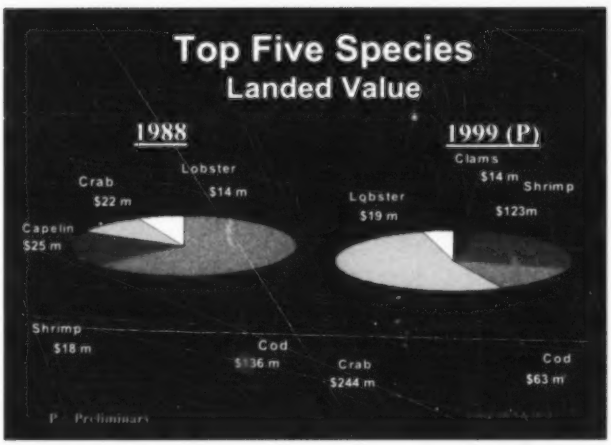
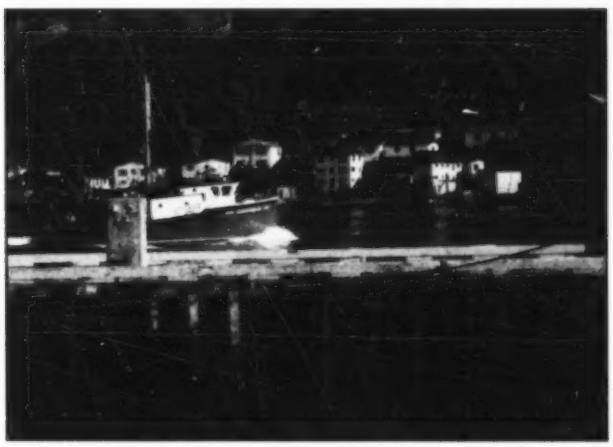




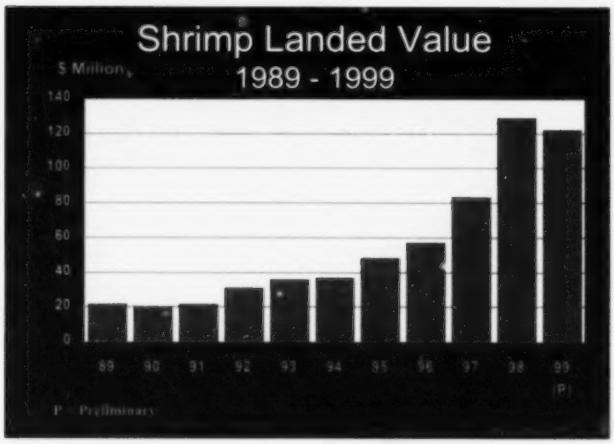
sector. On a per-unit basis, the output from the industry has a much higher average value than was previously the case, reflecting market circumstances and product mix.

In 1988, the highest-valued species was cod, followed by capelin and crab. Shellfish has now become the most important sector due to higher landings of crab and shrimp. Shellfish landings accounted for 55 percent of total fish landings in 1999 and about 78 percent of the total landed value. In comparison to 1988, shellfish represented 4.6 percent of landed weight and 21 percent of landed value.

In 1992, there were 193 licenced primary processing plants in the province, 11 secondary processing plants and 400 buyers' licences. Since that time, a number of plants have closed or have experienced very limited operations. Government's new processing licencing policy has centered around the creation of core multi-species plants. As a result, 73 plants have been designated as core and they now have the flexibility to process a variety of species. The total number of active licenced primary plants currently stands at 126 (63 core plants and 63 non-core), the number of buyer licences has been reduced to 73 and there are now 9 secondary processing facilities.

With the introduction of the new processing licensing policy in 1997 based around the core/non-core concept, Government also reiterated its policy towards the withdrawal of public funding for primary processing. Private-sector investment will be a critical factor in the industry's viability over the longer term. This is already evident in the substantial investment by processors and harvesters over the past three to four years. During this period, upwards of approximately $125 million has been invested in the industry. Funding for fisheries diversification, quality enhancement, and innovative research and development initiatives, which benefit the industry as a whole, is being continued.

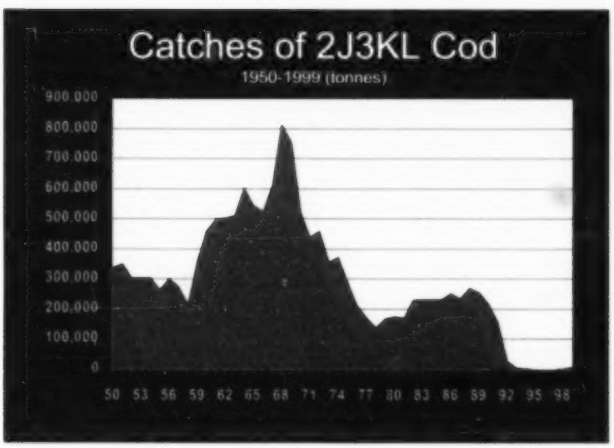
As part of its development focus for the fishery, the province and industry have actively pursued the development of a new inshore Northern shrimp fish-



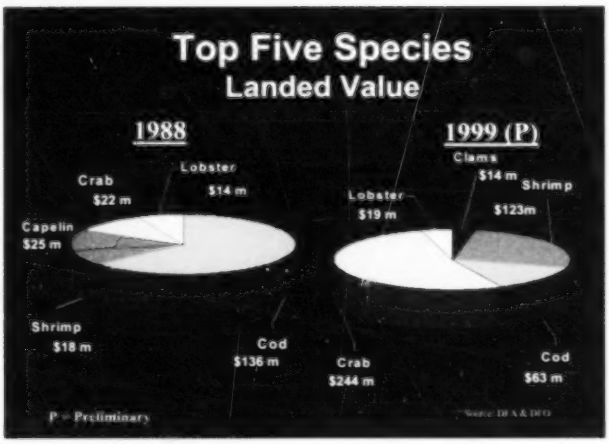
ery. In 1996, this fishery was non-existent, and by 1999, over 30,000 tonnes were harvested. In 1999, 10 modern plants processed shrimp and approximately 350 inshore vessels and 2,500 people (vessel operators and plant workers) participated in this fishery. Private investment in the sector is estimated in excess of $100 million over the past three years. Including the inshore and offshore shrimp allocations, the total landed value was $123 million in 1999. The development of this fishery has presented unique challenges for both processors and harvesters. With continued market development and expansion, this new resource opportunity will make a solid contribution to the performance of the fishery over the foreseeable future.

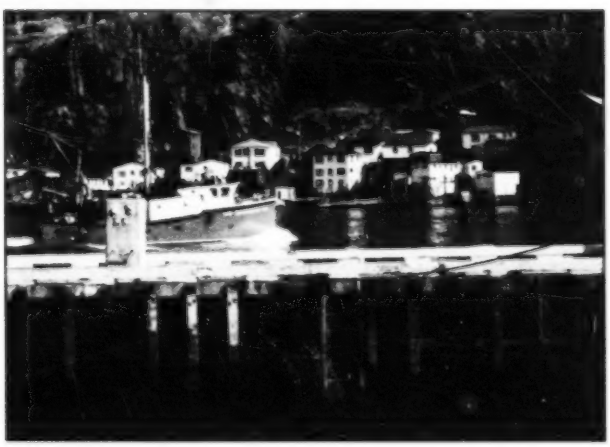
The crab fishery now accounts for the single most important contribution to the province's fishing industry. Since 1992, crab landings have increased from 16,400 tonnes, with a landed value of $13 million, to a fishery landing approximately 68,000 tonnes, with a landed value of $245 million in 1999. Approximately 3,400 inshore enterprises now participate in this fishery and 35 licenced plants were active in 1999, with peak employment of approximately 7,000 workers.

It is highly probable that the expansion in the biomass of shrimp and crab over the past several years can, in part, be linked to the sharp decline in the groundfish biomass, particularly along the province's East Coast and Coastal Labrador. From a fisheries management perspective, these stocks must continue to be managed in a prudent manner since their continued health is heavily dependent on sound fishing practices and the recruitment of juveniles. Cyclical fluctuations in biomass levels are a characteristic of both species and it is possible that the present cycle of abundance may have peaked.



The slow recovery of groundfish stocks, particularly cod in 2J and 3KL and 4Rs+3Pn, continues to leave a major vacuum for those regions and communities which had an historical dependence on these stocks. The reopening of the 3Ps cod fishery in 1997, at 10,000 metric tonnes, generated a measure of optimism along the province's south coast which was further enhanced with the quota increase to 30,000 tonnes in 1999. This has been tempered, however,





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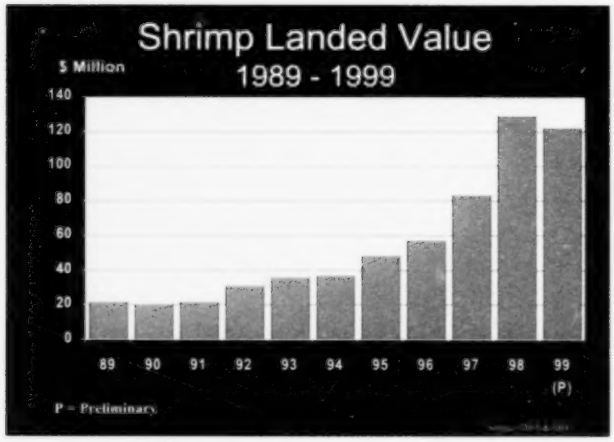

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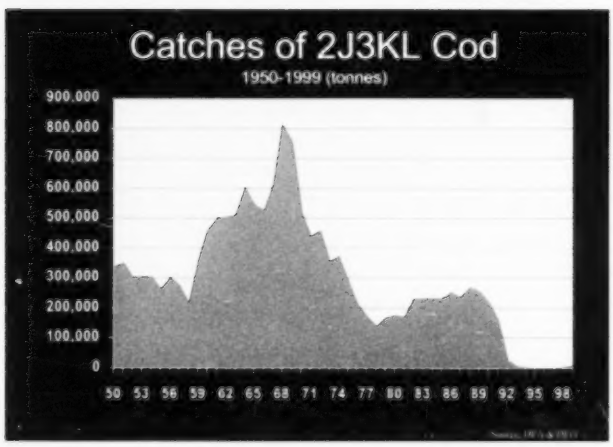

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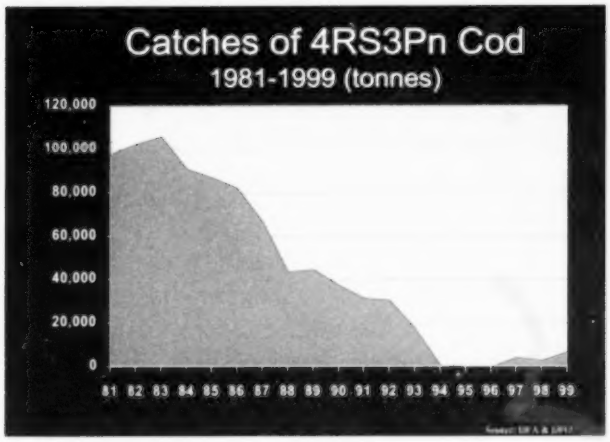
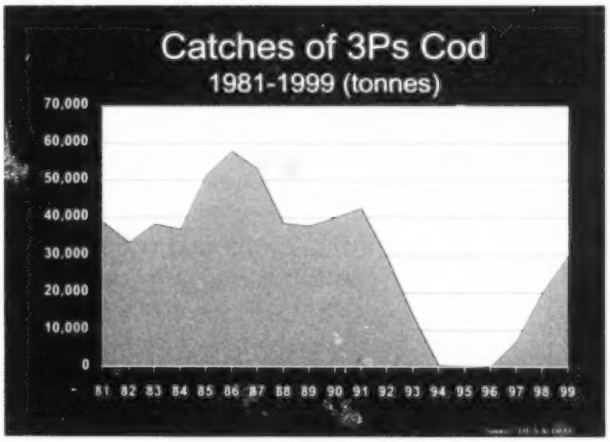


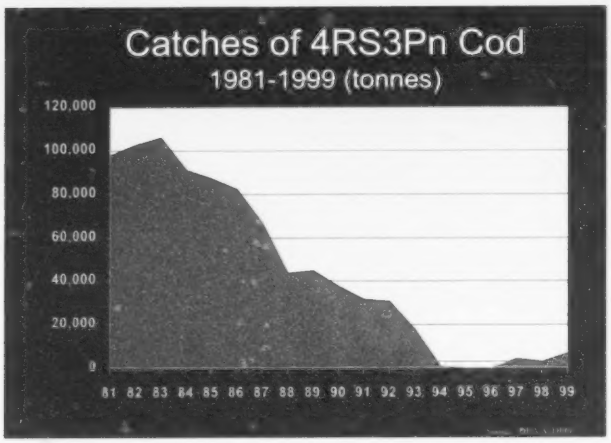
by the FRCC recommendation that the quota for 2000 be set at 20,000 metric tonnes.

The Department of Fisheries and Aquaculture has placed considerable emphasis on identifying new resource opportunities in recent years. Whilst new species opportunities have their limitations, their combined impact can have a significant impact for a number of individual enterprises in certain areas of the province. The $10 million Federal/Provincial Fisheries Diversification Program announced in the fall of 1999 will be of considerable benefit in advancing new opportunities for underutilized species. Similar exploratory and developmental work in the past led to the commercialization of those species which now occupy a pivotal role in the industry.

Over the past several years, the Province has undertaken, in conjunction with industry, a major thrust to improve the quality of fish landed and processed in this province. New regulations have been introduced, enforcement has been increased, and the benefits of delivering a high-quality product to the market place has been actively promoted. For the most part, the response to these initiatives has been favourable from most harvesters, processors and from our customers around the world. The challenge remains to continue to maximize the value of marine resources through the harvesting and production of a consistent supply of high-quality products.



Education and training is a key component of industry diversification. The industry and the Marine Institute of Memorial University have been very proactive in developing new courses and training programs. As well, the Professional Fish Harvesters Certification Board has developed educational programs for harvesters. Similarly, there have been many training opportunities for processors. Most of the training is being offered locally, thereby enabling people to upgrade their skills without having to leave their communities. The face of the province's fishing industry has changed dramatically over the past decade. Further change is inevitable within the industry as it continues to respond to resource and market opportunities and challenges.



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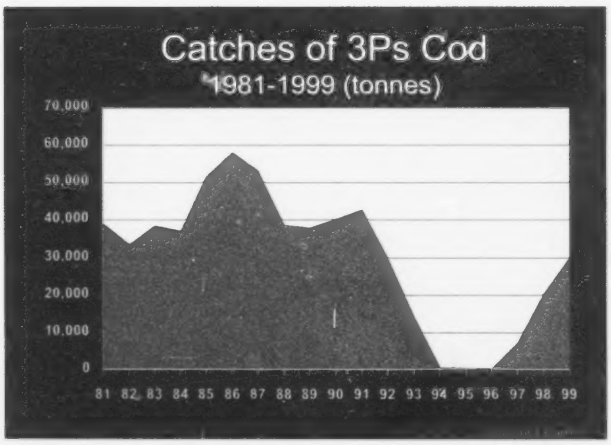

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There have been other key developments in the fishery such as the new process for settling fish prices and the establishment of the Professional Fish Harvesters Certification Board. The new fish price settlement mechanism has successfully operated as a pilot for two years. As such, new legislation incorporating the model is currently being drafted in consultation with industry stakeholders. The Certification Board has 15,440 individuals registered, including 8,920 certified Level II harvesters, 1,320 Level I harvesters, and 5,200 apprentices. The Board is continuing the process of implementing a new professionalization program, including a Code of Ethics, formal education and training standards, and certification criteria for practising fishers.

The fishing industry continues to offer opportunities and challenges. Effective resource management measures are essential for the long-term survival of the industry and many rural communities. An effective fisheries management strategy, backed by solid science, has to be pursued. Efforts have to continue to maximize the value of all marine resources through quality assurance initiatives and value-added processing. Furthermore, continued private-sector investment is required for industry growth and diversification. Capacity management in the processing and harvesting sector is an ongoing issue and a stable labour relations environment is essential for long-term industry stability and development. The overriding objective is to build on the successes achieved over the past several years to maximize the contribution of the fishing industry to the Province's economy and to diversify the economy to create economic and social stability. Continued government and industry partnerships and cooperation will be a critical factor in achieving this objective.